

# PRIVATIZATION OF ARMY LODGING (PAL) GROUP A PROJECT

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FORT RUCKER, ALABAMA  
FORT LEAVENWORTH, KANSAS  
FORT RILEY, KANSAS  
FORT POLK, LOUISIANA  
FORT SILL, OKLAHOMA  
FORT HOOD, TEXAS  
FORT SAM HOUSTON, TEXAS  
YUMA PROVING GROUND, ARIZONA  
FORT MYER, VIRGINIA / FORT McNAIR, DC  
FORT SHAFTER / TRIPLER ARMY MEDICAL CENTER, HAWAII

## REQUEST FOR QUALIFICATIONS (RFQ) TABLE OF CONTENTS

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### PART I

<b>1.0 INTRODUCTION</b>	04
1.1 Overview	04
1.2 Administrative Information	07
1.2.1 Applicability of the Federal Acquisition Regulation (FAR)	07
1.2.2 Documents	07
1.2.3 Inquiries	07
1.2.4 Industry Forum	08
1.2.5 Site Visits	08
<b>2.0 WORK STATEMENT</b>	08
2.1 Phase 1 - LDMP Development	09
2.2 Completion of Phase 1 – LDMP Approval	10
2.3 Start of Phase 2 - Project Transition	10
2.4 Phase 2 – LDMP Implementation	10
<b>3.0 MILITARY HOUSING PRIVATIZATION INITIATIVE LEGISLATION</b>	11
3.1 Other Provisions and Considerations	11
3.1.1 Local Standards	11
3.1.2 Per Diem Rates	11
3.1.3 Mandatory Allotments and Assignments	11
3.1.4 Non-Military Occupants	12
3.1.5 Real Estate Taxes	12

3.1.6 Ancillary Supporting Facilities _____	12
3.1.7 Utilities _____	12
<b>4.0 CONTRACTOR SELECTION PROCESS _____</b>	<b>13</b>
4.1 Information Request Instructions _____	13
4.1.1 Submissions Instructions _____	14
4.1.2 Submission of Step One, Part (A) (Minimum Experience Requirements (MER)) _____	16
4.1.3 Submission of Step One, Part (B) (Statement of Qualifications (SOQ)) _____	16
4.2 Minimum Experience Requirements (MERs) _____	16
4.3 Statement of Qualifications _____	17
4.3.1 Experience _____	18
4.3.2 Financial Capabilities _____	19
4.3.3 Organizational Capabilities (Corporate Level) _____	21
4.3.4 Past Performance _____	21
4.3.5 Small Business Utilization (General History) _____	22
4.4 Submission of Step Two _____	23
4.4.1 Project Finance _____	25
4.4.2 Preliminary Project Concept Statement _____	26
4.4.3 Organizational Capabilities (On-Site, Project Specific) _____	28
4.4.4 Small Business Utilization and Plan (On-Site, Project Specific) _____	28
4.5 Evaluation Process _____	28
4.5.1 Based on Initial Submissions (Step One) _____	29
4.5.2 Award Based on Oral Presentation (Step Two) _____	29
4.5.3 Source Selection Decision _____	30
4.6 Evaluation Factors _____	30
4.6.1 Experience _____	33
4.6.2 Financial Capabilities _____	34
4.6.3 Organizational Capabilities (Corporate Level) _____	34
4.6.4 Past Performance _____	35
4.6.5 Small Business Utilization (General History) _____	35
4.6.6 Project Finance _____	36
4.6.7 Preliminary Project Concept Statement _____	36
4.6.8 Organizational Capabilities (On-Site, Project Specific) _____	37
4.6.9 Small Business Utilization and Plan (On-Site, Project Specific) _____	38
<b>5.0 ADVISORS _____</b>	<b>38</b>
<b>6.0 ADDITIONAL TERMS AND CONDITIONS _____</b>	<b>38</b>
<b>7.0 SOLICITATION, OFFER, AND AWARD _____</b>	<b>39</b>

## **PART II APPENDICES**

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<b>APPENDIX A: INSTALLATION OVERVIEW</b>	<b>A-1</b>
<b>APPENDIX B: SAMPLE OUTLINE FINANCIAL PRO FORMA</b>	<b>B-1</b>
<b>APPENDIX C: STANDARD RANGE OF FEES</b>	<b>C-1</b>
<b>APPENDIX D: FEDERAL ACQUISITION REGULATION (FAR) AND DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) CLAUSES</b>	<b>D-1</b>
<b>APPENDIX E: EXECUTIVE ORDER 13101, GREENING THE GOVERNMENT THROUGH WASTE PREVENTION, RECYCLING, AND FEDERAL ACQUISITION</b>	<b>E-1</b>
<b>APPENDIX F: SAMPLE GENERAL OUTLINE FOR LDMP</b>	<b>F-1</b>
<b>APPENDIX G: RESERVED</b>	<b>G-1</b>
<b>APPENDIX H: GLOSSARY OF SELECTED TERMS</b>	<b>H-1</b>
<b>APPENDIX I: RESERVED</b>	<b>I-1</b>
<b>APPENDIX J: RESERVED</b>	<b>J-1</b>

## 1.0 INTRODUCTION

a. The Army needs to improve the quality and provide for the long-term sustainment of transient housing (lodging) for Soldiers and families on temporary duty (TDY) and permanent change of station (PCS) travel. Based on a recent study, approximately 80% of Army Lodging's on-post inventory does not meet acceptable quality standards. The primary cause of this problem is rooted in a severe and persistent funding shortfall resulting in failure to adequately revitalize facilities through appropriate levels of construction (replacement) and/or major maintenance and repair. The Army concluded that the preferred method to help solve the transient lodging upgrade problem, along with the issue of long-term facility sustainment, would be to leverage existing transient lodging and land assets via a business relationship with the private sector. This program, called the Privatization of Army Lodging (PAL), seeks to apply private sector expertise, resources, and market-based incentives to improve the quality of life for Soldiers and their families while in a transient status. The objective is to provide quality, on-post hotel accommodations that meet the varying needs of a mobile military community through improvements to the on-post lodging inventory and/or new construction, and to appropriately maintain these facilities throughout a long term business relationship.

b. The PAL program was developed and is managed under the oversight and direction of the Office of the Assistant Secretary of the Army (Installations and Environment), (OASA (I&E)) on behalf of the Secretary of the Army. The Army believes that lodging privatization provides an excellent opportunity for addressing the transient accommodation needs of America's Soldiers and their families while providing an attractive business opportunity for the private sector. The PAL program will be approached in phases, each phase consisting of a single project group encompassing multiple installations. This RFQ is specific to phase one of PAL implementation – the Group A project. In order to have the opportunity to participate in Groups B and C, offerors must submit a proposal for the Group A project.

### 1.1 Overview

a. This requirement is being pursued under the Alternative Authority for Acquisition and Improvement of Military Housing legislation (10 USC 2871-2885) enacted by Congress in 1996. This legislation, commonly referred to as the Military Housing Privatization Initiative (MHPI) legislation, allows the military services to leverage scarce appropriated funds and extensive existing assets (land and improvements). Additional information regarding the PAL program can be found at the following website:  
<http://www.pal.army.mil>.

b. This solicitation is structured as a Request for Qualifications (RFQ). The RFQ process will identify the best value offeror determined to be the most highly qualified to enter into a long-term business relationship with the Army to upgrade, operate and maintain transient lodging at all of the identified installations. Selection will be based

upon the qualifications of the offeror as outlined by the evaluation factors, which will be used to determine the best value to the government.

c. In Step One of the solicitation process, the Army will issue an RFQ which establishes specific Minimum Experience Requirements (MERs) and seeks discussion of five general evaluation factors in a Statement of Qualifications (SOQ). The MERs have been established to address the skill sets of real estate development and hotel management. Offerors who meet the MERs will be further evaluated in terms of their SOQs. Both the MERs and SOQs should be submitted together in Step One. This first step of the RFQ process will identify those offerors determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships. The determination of this highly qualified competitive group will be based on the offeror's experience, financial capability, organizational capabilities (corporate level), past performance, and small business utilization (general history). The offerors comprising the highly qualified competitive group will be invited to participate in Step Two of the RFQ process.

d. During Step Two of the RFQ process, offerors in the highly qualified competitive group will compete based on the Group A project specifics. If an offeror competes for this project, the offeror must compete for the entire project and not individual sites within the project. Step Two submissions are expected to be in the form of an oral presentation with written supporting documentation. The offeror will be evaluated based on its proposal addressing project-specific financial plan, preliminary project concept, organizational capabilities (project level), and small business utilization and plan (project level).

e. The offeror, in its response to this solicitation will be expected to identify, in detail, its plan to achieve the following goals at all installations within the project:

- 1) Ensuring that Soldiers and their families have access to high quality, safe, attractive, and affordable transient lodging by upgrading and/or replacing existing transient lodging and, if necessary, by building new lodging to meet the transient demand.
- 2) Providing consideration for preservation of existing historic character, while protecting cultural resources and meeting environmental stewardship responsibilities.
- 3) Maintaining positive relations with all stakeholders and communities both on and off the installation.
- 4) Providing for the following: effective long-term management and operation of a high-quality transient lodging inventory; an integrated reservation system within the project that has the capability of expansion for integration throughout the subsequent projects in the PAL program; in-room high speed internet access; and any ancillary supporting facilities proposed.

- 5) Providing for realistic financial management of the assets including viable sustainment reserves for the project and earning a mutually acceptable return on investment for the offeror.

f. Following the selection of an awardee as a result of Step 2 of this solicitation the awardee of this acquisition will create a plan to develop, re-develop, manage and maintain transient lodging at the Group A installations. This plan is called the Lodging Development and Management Plan (LDMP). The Army intends for the awardee to assume ownership of any transient lodging facilities that are transferred per mutual agreement between the awardee and the Army following final acceptance of the LDMP. The awardee will be provided a long-term interest in the underlying land.

g. Recognizing the complexity and breadth of issues that arise in planning and executing a project of this size and scope across multiple military installations, the awardee will execute the project in two phases:

- 1) **Phase 1 – LDMP Development.** During Phase 1, the awardee will work closely with the Army to craft the LDMP. This will be the business plan for the project and will set forth the terms of the awardee's long-term relationship with the Army. The LDMP is the deliverable for this acquisition. Payment for Phase 1 is discussed in Section 2.2 of this solicitation.
- 2) **Phase 2 – LDMP Implementation.** During Phase 2, the awardee will implement the LDMP, provided the Headquarters Department of the Army (HQDA), Office of the Secretary of Defense (OSD), Office of Management and Budget (OMB), and the Congress approve the plan. Once approval is obtained the transition and transfer of assets and operations will begin.

h. The awardee's return on the project is expected to come from developing, operating, and managing existing, renovated, and/or newly constructed lodging units. The awardee's main source of revenue will be room rates paid by military service members on official travel with or without family members. **Room rates for official travelers may not exceed a weighted average of 75% of lodging per diem across the project portfolio. Under no circumstances may the room rate for official travelers exceed 100% of the local lodging portion of per diem. At no time shall appropriated funds be used to subsidize the project.** Information on per diem rates can be found at the following site.

<http://www.policyworks.gov/org/main/mt/homepage/mtt/perdiem/travel.htm>

i. A major benefit of the LDMP process is that it allows the Army, its associated consultants, and the awardee to work through issues collaboratively, and to ensure that important issues are anticipated and addressed before executing the plan. It also provides an opportunity for the Army to consider proposals from the awardee concerning the use of specific MHPI authorities, such as constructing certain ancillary supporting facilities. Finally, this process gives the Army a mechanism for periodically conferring with Congressional oversight committees during project planning, as well as

with representatives from the local communities and Army-related organizations who are essential to the success of the project.

j. Although the focus of the PAL Project is on transient lodging, the MHPI authorities also permit the construction and/or operation of ancillary supporting facilities and activities that relate to and support the accommodation of transient soldiers and families. Such facilities/activities may include food and beverage operations, conference/meeting support functions, limited retail space, tot lots, hotel swimming pools, limited fitness facilities, kennels/pet runs, and other similar facilities for the support of Army transient lodging guests. Offerors are encouraged to evaluate the potential for any appropriate ancillary activities and to include such activities in their proposals where feasible. In its proposal, the offeror will be expected to include the type, size, location, and features of each ancillary supporting facility/activity the offeror proposes to build and/or operate. Specific details will be addressed in the LDMP. **Offerors should take care to differentiate between services that are lodging-related and are funded through room rates (i.e., continental breakfast for guests) versus activities that generate revenue separate from hotel room rates through the discretionary spending of the user.**

## **1.2 Administrative Information**

### **1.2.1 Applicability of the Federal Acquisition Regulation (FAR)**

The Federal Acquisition Regulation (FAR) applies to Phase 1 of the project. Appendix D contains a listing of the FAR and Defense FAR Supplement (DFARS) clauses that apply to Phase 1. The Army considers the deliverable for Phase 1 to be a commercial item. (See FAR Part 12). Offerors should also take note of Section 6.0 of this RFQ, concerning additional terms and conditions that apply to the project.

### **1.2.2 Documents**

As soon as offerors have been deemed to be in the highly qualified competitive group for Step 2 of the RFQ, those who elect to participate in Step 2 will have access to the Group A Document Room. The document room contains pertinent information specific to each installation in the Group A project. The document room information will be available electronically through password access and in hard copy at the Pentagon.

### **1.2.3 Inquiries**

All questions concerning the RFQ shall be e-mailed to [Mark.Piedmonte@hqda.army.mil](mailto:Mark.Piedmonte@hqda.army.mil) no later than November 10, 2005 to be evaluated. Questions received after this date will not be addressed.

#### **1.2.4 Industry Forum**

An Industry Forum was held on 24-25 May 2004 in Vienna, Virginia for this project. The forum included a PAL program overview, RFQ procurement process overview, and general project information. Additional information can be found at the PAL website at <http://www.pal.army.mil>.

#### **1.2.5 Site Visits:**

All installations have Restricted Access. Offerors selected to proceed to Step Two of the Acquisition process will be provided further information regarding access to each of the sites for a formal site visit.

### **2.0 WORK STATEMENT**

The Army intends to privatize its transient lodging at the installations listed under Group A in table No. 1 through this solicitation.

The Army may elect to privatize transient lodging at the remainder of the installations listed in table No. 1 without further solicitation. The deliverable for this solicitation will be the LDMP for lodging facilities at installations identified in Group A. (See Table No.1). Payment of the award amount will be made upon acceptance of the Group A LDMP as discussed in Section 2.2 of this solicitation. Based upon superb performance of the Group A awardee, but at the sole discretion of the Army, the Army may elect to allow the Group A awardee to expand the LDMP to include the Group B installations. Similarly, based upon superb performance during Group B, but at the sole discretion of the Army, the Army may elect to allow the Group A awardee to further expand the LDMP to include the Group C installations. Should the Army decide not to expand the Group A LDMP to include either Group B or Group C, it reserves the right to issue future solicitations or pursue any other legally permissible method to fulfill its lodging privatization requirements.



## **INSTALLATION LODGING FACILITIES**

**GROUP A** : Redstone Arsenal and Fort Rucker, Alabama; Fort Leavenworth and Fort Riley, Kansas; Fort Polk, Louisiana; Fort Sill, Oklahoma; Fort Hood and Fort Sam Houston, Texas; Yuma Proving Ground, Arizona; Fort Myer, Virginia/ Fort McNair, DC; and Fort Shafter/Tripler Army Medical Center, Hawaii

**GROUP B\***: Fort Belvoir and Fort Lee, Virginia; Fort Lewis and Yakima Training Center, Washington; Fort Drum and Fort Hamilton, New York; Fort Campbell, Kentucky; Fort Bragg, North Carolina; The Presidio of Monterey, California; Carlisle Barracks, Pennsylvania; Fort Huachuca, Arizona; Hunter Army Air Field, Fort Stewart, Fort Gordon, Fort Benning, Georgia.

**GROUP C\***: Fort Jackson, South Carolina; Fort Leonard Wood, Missouri; Fort Buchanan, Puerto Rico; Fort Wainwright, Fort Richardson, Alaska; Fort Carson, Colorado; Fort Knox, Kentucky; Dugway Proving Ground, Tooele Army Depot, Utah; Camp Parks, Hunter Liggitt, Sierra Army Depot, BT Collins, California; Fort Bliss, Texas; Fort Dix, New Jersey; West Point USMA, New York; Fort McCoy, Wisconsin; Fort Eustis, TJAG, Virginia; Fort Meade, Aberdeen Proving Ground, Maryland; White Sands, New Mexico.

(\* subject to change)

**Table No. 1**

### **2.1 Phase 1 – LDMP Development**

- a. Following selection of an awardee as a result of Step 2 of this solicitation, implementation of the project will be executed in two phases. During Phase 1, the awardee will work closely with the Army to craft a LDMP that is acceptable to the Government and that offers the best value for transient lodging for each installation included in the project group. The LDMP process is expected to require approximately six to nine months of coordinated, intensive effort between the Army and the awardee. The LDMP coordination will take place at a location deemed mutually acceptable by the awardee and the Army.
- b. The deliverable is the LDMP, which consists of components as outlined in appendix F. The LDMP will be provided in sufficient detail to allow Headquarters, Department of the Army (HQDA) to make a determination as to the LDMP effectiveness. The Army and awardee will establish specific elements for each component jointly during Phase 1 of the project.
- c. The financial plan will include a transition budget that identifies those items that are considered to be expensed to the project during the period from LDMP acceptance (as defined at 2.1.4) to transition and financial closing. No cost will be expensed to the project if incurred prior to acceptance of the LDMP.

d. During Phase 1 – LDMP Development, the awardee will be allowed access to facilities on the installations and will be able to schedule interviews with installation personnel as necessary to create the project plan. All travel and travel related expenses for such visits are at the awardee's expense. During Phase 1, the awardee may be permitted to test its pro-forma estimates at its own expense provided it complies with appropriate laws, regulations, and policies.

## **2.2 Completion of Phase 1 – LDMP Approval**

a. The Army will pay the awardee a fixed sum of \$350,000 upon completion of the project's Phase 1, as described in Appendix D. LDMP completion is defined by the acceptance of the LDMP by HQDA, OSD, OMB, and the Congress. In return for this payment, the Army will be granted full and unlimited rights to use the LDMP, including the right to provide the LDMP to others in this or other lodging privatization projects. At this point, the contract will be complete and the awardee will have no right, title, or interest in Phase 2 by virtue of its participation in Phase 1.

b. If the Army and the awardee are unable to reach agreement on the LDMP, or the plan is not otherwise acceptable to the Army, or the awardee fails to provide the LDMP within the agreed time, the Army may terminate the awardee's work on the project. Termination under this paragraph will be deemed a termination for cause. At its own discretion, the Army may at that time continue to proceed with the project by working with another offeror deemed most advantageous to the government or by seeking new RFQ responses. Therefore, offerors within the highly qualified competitive group are requested to keep their responses to this RFQ open for 12 months (365 calendar days) following the LDMP contract award.

## **2.3 Start of Phase 2– Project Transition**

The Army desires to have the awardee implement the approved plan. Once HQDA, OSD, OMB, and the Congress approve the LDMP, the awardee and installations may be given approval to begin transition toward project implementation. Once the LDMP is accepted the Army expects transition to project implementation to occur within 2 to 4 months. Inability to transition in a timely manner may be justification for offering the implementation opportunity to another offeror from the highly qualified competitive group.

## **2.4 Phase 2 – LDMP Implementation**

Completion of the transition period will mark the beginning of Phase 2 of the project. During Phase 2, the awardee will implement the approved LDMP. The Army, in conjunction with other agencies who have a vested interest in the land, will transfer ownership of the existing lodging assets (as applicable) and provide an appropriate interest in the underlying land to the awardee to facilitate implementation in a manner consistent with the approved LDMP and with prudent business practices.

### 3.0 MILITARY HOUSING PRIVATIZATION INITIATIVE (MHPI) LEGISLATION

The MHPI legislation (10 U.S.C. §§ 2871-2885) provides special authorities for the construction and improvement of military housing, unaccompanied personnel housing, and transient lodging. It was specifically enacted to enable the Military Services to leverage housing, barracks, and transient lodging assets (land and buildings) and limited financial resources in an effort to obtain private sector capital and expertise to improve the quality of life for Service Members and their families. **Offerors are advised that the Army does not intend to provide cash equity, direct loans, loan guarantees, or any guarantees of occupancy or revenue for PAL projects.** The Army intends to contribute lodging and related facilities and lease existing Army land to the project for the purposes of privatizing transient lodging.

#### 3.1 Other Provisions and Considerations

##### 3.1.1 Local Standards

The MHPI legislation allows developers to build to local market standards and exempts the project from all MILCON standards. However, the awardee will be required to comply with applicable criteria as set forth in the installation design guidelines and current DOD Minimum Antiterrorism Standards for Buildings.

##### 3.1.2 Per Diem Rates

The General Services Administration (GSA) establishes travel per diem for all CONUS locations for federal travelers. The State Department establishes travel per diem for all O-CONUS (Alaska, Hawaii, and Puerto Rico) locations for federal travelers. There are two components to the total per diem rate for an area: lodging, and meals and incidental expenses. **References to room rates as a percentage of per diem are relative to the lodging portion of per diem only.** Per Diem travel rates are normally set each October 1 and remain fixed for the subsequent 12-month period. The Department of the Army has no role in setting per diem rates. Privatized hotels operated by the awardee are expected to operate at a room rate for official travelers not to exceed a weighted average of 75% of lodging per diem across the project portfolio. Under no circumstances may the room rate for official travelers exceed 100% of the local lodging portion of per diem. As the hotel rate for official travelers is tied to the per diem, it is vital that all parties understand trends in these rates over time. Current and past per diem rates can be found at:

<https://secureapp2.hqda.pentagon.mil/perdiem/perdiemrates.html>

##### 3.1.3 Mandatory Allotments and Assignments

**The Army will not use mandatory assignments as part of the PAL program.**

Rather, the awardee should market these lodging units to attract Service members and their families as in the private market. It should be noted, however, that contractual arrangements with separate government entities entered into subsequent to transition of operations could result in a situation where Soldiers are assigned to privatized lodging

on a mandatory basis. An example would be execution of a contractual arrangement with a Unit or Agency to provide lodging to students in training. Under such a contract, payment for lodging services would be provided directly to the project by the authorized government agent and not individually by the travelers occupying the lodging rooms. Under such an arrangement the lodging would be considered Government provided quarters, for which individual travelers are not provided reimbursement for lodging.

### **3.1.4 Non-Military and/or Unofficial Occupants**

Non-military personnel and military members in an unofficial travel status will be allowed to occupy privatized lodging. Together with the awardee during the LDMP creation, the Army will establish a priority order of use. Non-military occupants and military members in an unofficial travel status may pay market rates. Access to the installation for non-military lodging occupants will be addressed during the creation of the LDMP.

### **3.1.5 Taxes**

The requirement to pay local real estate or other *ad valorem* taxes will vary from locality to locality. Each offeror must make its own assessment of the likelihood that the project will be required to pay such taxes and solicit documentation regarding any agreement reached with applicable taxation authorities. The project will be responsible for any real estate or other *ad valorem* taxes assessed on the project. Any agreement between the Army and the awardee reached as a result of this RFQ will not relieve the project of the obligation to pay taxes if required by appropriate law. **Assumptions regarding taxation requirements must be included in the pro-forma submitted in response to Step 2 of this solicitation.**

### **3.1.6 Ancillary Supporting Facilities**

Lodging projects developed under this legislation can include facilities related to transient lodging services. Final approval authority for such facilities that would normally fall under the purview of MWR, AAFES, or DeCA rests with the Army Secretariat. Instructions to request approval for such facilities can be found in Appendix F.

### **3.1.7 Utilities**

a. The project will be responsible for all costs of utilities provided during the entire project period for all buildings included in the project. Details of utility costs will be developed during the LDMP process. **Under no circumstance will provision of utilities or any other project expense be subsidized by appropriated funds.**

b. The awardee will be responsible for coordinating with each installation and the owner of any privatized utility infrastructures on the installation to identify rights and responsibilities with infrastructure requirements and cost of capital improvements to the

distribution systems. The PAL office will facilitate and monitor discussions and will encourage standardization to the greatest extent possible.

## **4.0 CONTRACTOR SELECTION PROCESS**

The Army will evaluate each offeror's submission in accordance with the process, procedures, and evaluation factors set forth in this RFQ. Not for profit entities (to include 501c3 corporations) and Non-appropriated fund instrumentalities are not precluded from submitting proposals. An offeror's submission must first demonstrate satisfaction of the Minimum Experience Requirements (See Section 4.2). In Step One, offerors who submit both MERs and SOQs, and who satisfy the MERs as determined by the Government, shall then be evaluated based on their SOQs (See Section 4.3). The evaluation team's assessment of SOQ responses to Sections 4.3.1 through 4.3.5 will establish a highly qualified competitive group of offerors. The offerors selected for the highly qualified competitive group will be the offerors whose submissions, in the Army's judgment, are determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships designed to achieve the Army's goals for transient lodging on installations. Offerors in the highly qualified competitive group will then compete on Step Two. Final selection will be based upon the qualifications exhibited by the offerors as outlined by the evaluation factors and upon the basis of best value to the Government. The Army reserves the right, however, to reject all responses to the RFQ and re-solicit.

### **STEP ONE**

#### **4.1 Information Request Instructions**

a. The terms "offeror" and "principal member" as used in this solicitation are defined in Appendix H (Glossary). Both single-firm offerors and joint venture offerors are required to furnish information to the Army in accordance with the instructions provided below. The percentage of ownership of each of the principal members of a joint venture should be specifically identified. For the purposes of this RFQ, a single-firm offeror is a single business entity comprised of a single principal member (as defined in Appendix H). By contrast, a joint venture is a single business entity such as a partnership, Limited Liability Company, or other legal entity consisting of two or more principal members. An offeror may have in its principal membership one (single-firm offeror) or more (joint venture offeror) members that are non-profit (501c3) or are a non-appropriated fund instrumentality. This language is intended to illustrate the means by which a single-firm and/or tax-exempt entity may participate in the process (i.e. as a member of a joint venture and/or by entering into contractual relationships with other legal business entities). Any offeror that is capable of meeting the MERs and SOQs outlined in the RFQ, either directly through its principal membership or through contractual relationships with other legal business entities may submit a proposal under this solicitation. **To compete for this requirement, a joint venture must commit to work with the Army as a single business entity. The offeror will be required to provide information concerning both the joint venture itself, as a single business entity,**

and on the joint venture's principal members. Offerors who elect to satisfy the requirements of the MERs and/or SOQs by use of proposed contractual relationships with legal business entities that are not principal members of the offering entity are advised that a non-binding letter of intent of mutual commitment between the parties must be submitted as part of the proposal in order for the proposed contractor(s) to be considered part of the offeror's team. If selected as awardee under this solicitation, all contractual relationships must be ratified between the offeror and proposed contractor(s) before the LDMP approval process will be initiated. Failure to ratify any contractual agreements in a timely manner may be grounds for the Army to terminate the awardee's work on the project. Termination under this paragraph will be deemed termination for cause. At its own discretion the Army may at that time continue to proceed with the project by working with another offeror deemed most advantageous to the government or by seeking new RFQ responses.

b. In this RFQ, the term "offeror" is synonymous with "single business entity". The principal member concept allows newly formed joint ventures to compete based on the experience of their principal members. Additional information on this aspect of the Army's evaluation is provided in Section 4.5.1. **An offeror should have a formally established legal single business entity prior to the submission of Step Two or it may be excluded from further consideration.** Only the experience of principal members and/or legal business entities with which the offeror has a non-binding letter of intent of mutual commitment between the parties will be used to evaluate any proposals. Single business entities planning to use contractual agreements to meet the requirements under this RFQ and joint ventures under which requirements are met by one or more principal members are advised to clearly demonstrate the experience of each principal member and/or proposed contractor. Offerors who attempt to change principal members/proposed contractors during the solicitation process may cause a negative impact on their submission.

#### **4.1.1 Submission Instructions**

a. Minimum Experience Requirements (MERs) Step One, Part A, must be signed and submitted in a clearly identified original hardcopy version unbound (plus five copies, in 3 ring binders), and provided electronically on compact disk (CD). The MERs must be formatted in conformance with section 4.1.1 c. The Army must receive signed submissions no later than December 13, 2005 at 1500 hrs (3:00 PM), Eastern Time (ET) to the location specified in Section 4.1.1 g.

b. Statement of Qualifications (SOQ). Step One, Part B, must be signed and submitted at the same time as submission of the MERs. Only the SOQ of those offerors who meet the MERs will be evaluated. The SOQ, as well as completed representations and certifications required from Appendix D and paragraph 7.0 of the RFQ should be submitted in a clearly identified original hardcopy version unbound (plus five copies in 3 ring binders), and provided electronically on compact disk (CD). The Statement of

Qualifications and required representations must be formatted in conformance with paragraph 4.1.1c.

c. All original text must be readable in Microsoft™ Word (no exceptions), 8 ½" x 11" format (no exceptions), single-sided, single spaced, Arial font 12 point, with a 1" margin. Spreadsheets must be produced in Microsoft™ Excel (no exceptions), and be functional in the electronic format. Tables, charts, and 3<sup>rd</sup> party documentation may be in any format, type and size format. Third party generated documents may be reproduced without format change and entered on the CD using any readily available format. Step one submissions failing to arrive by the established deadline will be disqualified and not be evaluated as outlined in Appendix D, FAR Clause 52.212-1.

d. The Government requests the DUNS Number (Data Universal Numbering System) (<http://www.dnb.com>) for the single business entity at time of award, however as a minimum, the Offeror shall provide the DUNS number of at least one principal member at time of submission of Step One.

e. To be eligible for Department of Defense (DOD) contract award, offerors must be registered with the Department of Defense Central Contractor Registry, which can be accomplished through Central Contractor Registration (CCR). As a minimum at Step One, Part B, the Offeror shall be CCR registered.

f. Executive Order 13101 (Greening the Government through Waste Prevention, Recycling, and Federal Acquisition) must be followed for submission of hard copy proposals. Executive Order 13101 is included at Appendix E.

g. Submission Delivery Instructions:

If Sent by U.S. Mail:

Army PAL Office  
US Army Corps of Engineers, Baltimore District  
Attn: Mark Piedmonte, CENAB-CT  
PO Box 1715  
Baltimore, MD 21201-1715  
Reference: RFQ No. W912DR-04-R-0082

If Hand-carried (or sent via overnight delivery):

Army PAL Office  
US Army Corps of Engineers, Baltimore District  
Attn: Mark Piedmonte, CENAB-CT  
10 South Howard Street, Room 7000  
Baltimore, MD 21201  
Reference: RFQ No. W912DR-04-R-0082

#### **4.1.2 Submission of Step One, Part A (Minimum Experience Requirements)**

The Minimum Experience Requirements (MERs), (Part A) Section 4.2, information shall stand alone in determining an offeror's ability to satisfy the MERs. This information serves to insure that offerors meet a basic level of experience prior to being further evaluated. Submissions for the MERs shall not exceed a total of five (5) single-sided, single-spaced pages. Page tabs shall not be used in Part A. Information beyond five pages will not be considered. The offeror's cover page, table of contents, acronym list or transmittal letter will not count toward the page count for the MERs. Only the information contained in Part A will be considered in determining if an offeror meets the MERs. However, information in Part A will be considered when evaluating Part B.

#### **4.1.3 Submission of Step One, Part B (Statement of Qualifications (SOQ))**

a. Only those Offerors satisfying the MERs will be further evaluated based on their Statement of Qualifications (SOQs).

b. The Statement of Qualifications (SOQ), Part B, should be submitted in sufficient detail to:

1) Permit the Evaluation Team and Source Selection Authority (SSA) to reach a reasonable judgment regarding the offeror's qualifications.

2) Distinguish the offeror from other candidates.

c. Step One, Part B, submissions are limited to a total of 100 single-sided, single-spaced pages, including tables or charts where appropriate. Anything beyond the 100-page limit will not be evaluated / reviewed. The following are not included in the 100-page limit: blank tab pages, tables of contents, transmittal letter, information requested in Section 4.2 (Minimum Experience Requirements); audited financial statement(s) (or 10K(s) if the entity is publicly owned) requested under Section 4.3.2; signed Section 7.0; and "Offeror Representations and Certifications" requested in Appendix D. Statement of Qualifications shall be formatted IAW section 4.1.1c.

### **RFQ STEP ONE, PART (A)**

#### **4.2 Minimum Experience Requirements (MERs)**

In response to meeting the MERs an offeror may use the past and present experience of not only principal members, but also non-principal members that have become an integral part of the offeror's team by virtue of an intended contractual relationship. In view of the early stages of potential contractual relationship between a principal member(s) and contractor(s), an exclusive letter of intent of mutual commitment between the parties is sufficient evidence for the contractor(s) to be considered a part of



the offeror's team. The single-firm offeror or a principal member in a joint venture must submit a list of projects with sufficient detail to demonstrate satisfaction of the below listed MERs. This information shall stand alone in determining an offeror's ability to satisfy the MERs. Questions arising as a result of interpretation of the requirements of Section 4.2 should be resolved with the Contracting Officer prior to responding to the MERs. An offer that fails to satisfy the MERs will not be eligible for further consideration and will be eliminated from competition. At least one principal member must meet each separate MER, although each need not be the same principal member or proposed contractor. The MERs are:

1. Development Experience: Demonstrate successful completion of real property asset development project(s) during the past ten years that have cumulatively reached a **minimum** of \$100 million. Note: There is no maximum as to the number or dollar value of projects that may be reported under this MER. Only the 5-page maximum submission requirement for addressing all MER areas as addressed in section 4.1.2 need be considered. A completed project has obtained a certificate of occupancy or its equivalent. Of the projects listed at least 3 must meet the criteria of a major project as defined below. The term *project* is defined as a real estate asset development in which the offeror has or had an ownership equity interest and was or is the developer of record. A *major project* is further identified as a new build or renovation of a real property asset with a development cost of at least \$10 million dollars. In the event projects are identified as mixed use in nature or have been developed in phases, each component part of the development greater than \$10 million dollars may be identified as an individual project. For each major project identified, provide the following information: Name of project; location; total project cost; brief description.

2. Hotel Management Experience: The offeror must demonstrate the ability to bring to the PAL project current hotel management experience of a minimum of 16,000 guest rooms and/or 48 hotels located in geographically dispersed locations. Experience must be with one or more of the principal members or proposed contractor.

## **RFQ STEP ONE, PART (B)**

### **4.3 Statement of Qualifications**

In response to meeting the SOQs an offeror may use the past and present experience of not only principal members, but also non-principal members that have become an integral part of the offeror's team by virtue of an intended contractual relationship. In view of the early stages of potential contractual relationship between a principal member(s) and contractor(s), an exclusive letter of intent of mutual commitment between the parties is sufficient evidence for the contractor(s) to be considered a part of the offeror's team. The Statement of Qualifications (Step One, Part B of this RFQ) should include the following information:

### 4.3.1 Experience

#### a. Development Experience

Offeror should provide a summary of what it considers it's most significant (scale and complexity) real estate development projects either completed during the past ten (10) years or currently under development. For identified projects, provide the following information:

- 1) Name and Location (address, city or town, county, state) of project
- 2) Brief Description, to include Land-use program/type (identify single use, mixed use, and/or campus-style development)
- 3) Project start date, and actual or estimated completion date (as applicable).
- 4) Total project cost;
- 5) Financing, including amount of debt portion of the project, debt (short and long-term) and equity (developer and investors) financing

#### b. Hotel Management Experience

Provide documentation and statements relevant to the offeror or its appropriate principal member(s) or proposed contractor(s) as identified below:

- 1) Number of hotels and hotel rooms currently managed
- 2) Level of service (i.e. full service, limited service, extended stay)
- 3) Qualitative statements and industry awards
- 4) Quantitative data regarding market penetration
- 5) Average length of time management contracts have been in place for current portfolio

c. Offeror is to provide significant detail on five (5) projects, either completed in the last 10 years or currently ongoing, that it considers to be most relevant to the development of transient lodging facilities on Army installations under the PAL program. For identified relevant projects, provide the following information:

1. Name of project and location (address, city or town, county, state)
2. Brief description including the number of units and/or square footage;
3. Project start date and actual or estimated completion as applicable
4. Scope of Project (i.e., new build, moderate renovation, substantial rehabilitation, and/or redevelopment)
5. Project Economics and Finance:
  - a) Initial development cost budget, including "hard" and "soft" costs
  - b) Actual development costs at completion, including "hard" and "soft"

costs

- c) Financing, including amount of debt portion of the project, debt (short and long-term) and equity (developer and investors) financing
- d) If the identified project is a hotel project in which a principal member or proposed contractor currently holds an ownership interest, provide the occupancy rate and net operating income (NOI) for the most recently completed twelve month period (express NOI in nominal dollars and percent of gross revenue)

d. Offeror is to describe relevant experience in renovation of hotels or similar units while units in another portion of the same development project are occupied.

e. For any projects previously completed within the last 10 years or ongoing major projects, briefly describe as applicable (by principal member or proposed contractor), experience with environmental and/or historic property treatment issues that were encountered and successfully resolved. Such issues may include but are not limited to the following: environmental activities and remediation (such as lead based paint, asbestos, radon, chlordane, mold, and underground storage tank analysis); historic preservation (including minor renovations, major renovations, conversions and/or landscaping).

f. For any projects previously completed within the last 10 years or ongoing projects, briefly describe as applicable (by principal member or proposed contractor), the offeror's ability to work successfully in cooperation with other business entities or organizations on complex real-estate projects requiring long-term operation, maintenance, and property management.

g. As applicable (by principal member or proposed contractor) describe experience working on projects involving affordability objectives, especially with public and/or not for profit organizations.

#### **4.3.2 Financial Capabilities**

a. Provide documentation and statements relevant to the offeror and its appropriate principal member(s) as identified below. Among other things described in this RFQ, the Army is seeking an offeror that demonstrates a strong financial structure. This can be demonstrated through audited financial statements, ability to secure financing, and construction bonding capacity.

1. The offeror will provide audited financial statements (or 10Ks if the entity is publicly owned) for the last three (3) years. Parent and holding companies should submit audited financial statements if they intend to commit resources to a developer or joint venture in which they own a controlling interest. Joint ventures should submit audited financial statements for the single business entity itself unless the single business entity has been newly formed for this specific project

or if the principal members of the single business entity will be independently responsible for financial commitments.

If audited financial statements have not been performed for the offeror, or if the offeror is an individual, provide a complete and current personal financial statement for the offeror and all the offeror's partners/officers.

The financial statements should be prepared in accordance with Generally Accepted Accounting Principles (GAAP) (see note below) and the financial auditor must be a nationally recognized firm in the accounting industry. The submission must include an assertion as to accuracy made by the auditor.

**NOTE:** If the offeror and/or its principal members have not prepared audited financial statements in accordance with GAAP, the financial statements should be audited on the basis that they have been prepared (e.g., current value accounting) and certified as accurate by the preparer.

The financial statements and other financial information review will include a financial ratio analysis (e.g. debt to equity, current assets to current liabilities, etc). There is no minimum net worth requirement, however, total net worth is considered in the evaluation. The financial statement review will also include a review of the financial notes and associated discussion included by the auditor. To facilitate this review, proposals should include contact information for the entity's independent accounting firm and permission to speak with this firm during the financial review.

2. Offeror will provide documentation demonstrating the offer's capability to secure financing for the project. This can take the form of a cover letter referencing the Group A project from a financing firm or lending institution evidencing the following: 1) a review of the solicitation or other relevant project documents; 2) any proposed debt terms; and 3) the ability of the offeror to finance its proposed concept. Also, the offeror shall provide a statement of anticipated sources of equity for the project.

3. Offeror will provide documentation demonstrating the offeror's capability and capacity to secure payment and performance bonds (or alternate forms of security) in a timely manner for a project the size of the Group A PAL project. Joint ventures should submit bonding capability and capacity for the single business entity itself unless principal members of the single business entity will be independently responsible for financial commitments. If principal members will be responsible for obtaining financing for the project, then they should submit payment and performance bond information.

4. Offeror must identify any bankruptcy actions that occurred during the past ten years. Present bankruptcy filings must also be detailed. This information shall be

provided for all principal members as well as the parent or holding company of all principal members.

5. All financial information submitted for this RFQ will be protected from public disclosure if the provider identifies and justifies the information as proprietary, and requests such protection at the time of submission. Information that is considered proprietary should be clearly marked as such on each page. Prospective offerors should be aware that the Army may share financial information with financial consultants assisting the Army with this initiative as well as with Congressional committees, if requested by the committees as part of their legislative oversight function. The Army's financial consultants are contractually bound to maintain the confidentiality of the information.

#### **4.3.3 Organizational Capabilities (Corporate Level)**

a. The offeror should provide basic information regarding the structure of the offeror's organization in sufficient detail to demonstrate an ability to successfully provide the necessary skill sets, organizational structure and workload capacity to incorporate the total proposed PAL project (LDMP development and implementation) into their current and planned business operations. Some of the necessary disciplines may include but are not limited to business planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, marketing, sales, rentals, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.

b. Provide full contact information (name, address, telephone number, and e-mail address) of the single key person who will have full authority to represent the offeror in coordinating and integrating all functional elements throughout the awardee selection and LDMP development processes for the PAL Group A project.

#### **4.3.4 Past Performance**

The offeror should:

a. For reference purposes provide names, titles, organizational affiliations, addresses, e-mail address, fax, and telephone numbers of two (2) individuals for each of the five projects identified as most relevant to the development and management of transient lodging on Army installations (those for which you provided information pursuant to Section 4.3.1.c). Your references should come from: financial institutions, local government agencies, business partners, major customers, and/or major contractors.

b. If applicable, list any of the offeror's and/or its principal members projects, over the last 10 years, in which:

- 1) The ownership has been restructured due to adverse circumstances (including default, material negative cash flow, change of controlling partner, etc);

- 2) The management company has been replaced at the instigation of the owner, the lender, or a regulator; and/or
- 3) Any action was initiated by a lender to replace, sanction, or suspend any of the principals from future participation in lending activities. Describe the circumstances of such restructuring.

If no principal member has had a project restructured because of financial difficulties, provide an affirmative statement so indicating.

c. List all material instances of litigation or formal Alternative Dispute Resolution processes (e.g., binding arbitration) during the last ten (10) years, involving a claim in excess of \$1 million and relating to partnering, financial performance, and/or treatment of occupants, to which any principal member or proposed contractor(s) has been a party. Provide a detailed description and outcome of the litigation or Alternative Dispute Resolution process.

#### **4.3.5 Small Business Utilization (General History)**

a. Offeror should provide information concerning use of small businesses that:

- 1) Describes the offeror's documented policies relating to small business participation and the extent of participation of small businesses in past and current projects. For joint venture offerors, information should be provided separately for each principal member.
- 2) Provides a point of contact that can validate use of small business subcontractors for projects performed within the last three years. If multiple subcontractors were on each project, a point of contact is only required for one subcontractor, to include small businesses, per project.

b. As a point of reference in providing this information, the term small business refers to Small Businesses, Small Disadvantaged Businesses, Women-Owned Small Businesses, Veteran-Owned Small Businesses and Service-Disabled Veteran-Owned Small Businesses, Historically Underutilized Business Zone (HUBZone). Information concerning the specific definition and size standards for small businesses may be found at 13 Code of Federal Regulations (CFR) Parts 121 and 124. Or visit the Army's Office of Small and Disadvantaged Business Utilization at <http://www.sellingtoarmy.info>.

c. In general, a small business is defined as an independently owned and operated business, not dominant in its field of operation and generally restricted by number of employees or average annual gross revenue. For instance, for many service industries, the firm must have less than \$5 million in average annual gross revenue over a three-year period to be considered small. For other service industries, the firm must employ less than 500 employees. A small disadvantaged business must, in addition to being small, also be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individual(s) who is/are a citizen(s) of the

United States. A woman-owned small business is a small business that is at least 51 percent owned and controlled by one or more women. A veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more veterans (as defined at 38 U.S.C.101 (2)) and management and daily business operations of which are controlled by one or more veterans. A service-disabled veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more service-disabled veterans (service-disabled veteran means a veteran with a disability that is service connected as defined in 38 U.S.C.101 (16)). A HUBZone small business is a small business that **must** be located in a "historically underutilized business zone" or "HUBZONE", it **must** be owned and controlled by one or more US Citizens, and at least 35% of its employees **must** reside in a HUBZone.

## **STEP TWO**

### **4.4 Submission of Step Two**

a. Those offerors determined to be highly qualified and thus eligible for further consideration for potential long-term business relationships designed to achieve the goals of the PAL Program, will comprise a highly qualified competitive group. For Step Two, offerors who have been selected for the highly qualified competitive group must supply information as outlined in the following sections.

b. Only the offerors in the highly qualified competitive group will be considered for Step Two of the RFQ. Offerors selected to proceed to Step Two will be notified in writing. Responses to Step Two will be used to select an awardee whose submission, in the Army's judgment, is determined to offer the best value for improving transient lodging for this project (inclusive of all Group A identified installations).

c. Following the submission of Step One but prior to the submission of Step Two the offeror shall provide a written description of any material change, within five (5) business days of its occurrence. Failure to disclose any material change or to provide written notification of adverse information changes may result in negative ratings of the offeror's proposal. Upon receipt of a written description of a material change, the Government reserves the right to request additional information relating to said material change. Material changes include, but are not limited to:

- Bankruptcy/reorganization of any of the participating entities/individuals in the Offeror's proposal
- Default on any loans or any other type of debt instrument
- Twenty percent (20%) decrease in net worth/owner's equity
- Twenty percent (20%) decrease in assets
- Twenty percent (20%) increase in liabilities
- A sale of a portion or all of the offeror's or participating entities' interest in said asset

- Litigation actions, pending or threatened, that may materially affect the offeror's ability to successfully complete the transaction
- Judgment or lien against the offeror imposed by any federal, state or local taxing authority in excess of \$100,000.00
- Other material events that may affect the offeror's ability to complete the transaction
- Changes in commitments in the project team
- Key employee resignations and/or substitutions.

If material changes occur resulting in a change of team members, the offeror shall submit all required Step One information for all new team members no later than five business days after the offeror notifies the Government of this material change, or in a supplement with the offeror's Step Two submission, whichever date occurs sooner. (Note: if submitted with the Step Two proposal these pages will not count against the 100 page limit for Step 2)

d. Along with the Step Two submittals, offerors must be registered with the Department of Defense Central Contractor Registry, which can be accomplished through Central Contractor Registration (CCR). Offerors shall provide the legal jurisdiction under which the firm is organized and operating by submitting proof of existence as an established legal entity, providing a proper Data Universal Numbering System (DUNS) number (<http://www.dnb.com>), tax identification number (TIN) and providing a Commercial and Government Entity (CAGE) Code with the submission. Offerors not providing this information with their Step Two submittal will be considered unresponsive and eliminated from further consideration.

e. The offeror will be selected based on a four-factor evaluation during Step Two of the solicitation process. In Step Two, the offeror will be evaluated on its project-specific financial plan, preliminary project concept statement, organizational capabilities (both on-site and off-site, including a detailed organizational chart and a description of operational, management, and financial controls), and small business utilization and plan (on-site). The details of the winning proposal will provide the baseline for negotiation of the LDMP. Step Two submissions will be made in an oral presentation format with supporting written documentation. The oral presentation allows offerors, among other things, to explain and display how they satisfy the Step Two evaluation factors. The offeror's written portion of Step Two should detail the information that is described and discussed during the oral presentation. The date, time, and location for the oral presentations will be provided to those firms within the highly qualified competitive group following the Step Two Amendment (see section 4.5.2).

f. Implementation of the Group A project consists of the periods listed below. Submissions addressing project finance and/or preliminary Project Concept should be expressed in terms of these periods as appropriate.



1) The Transition Period: The period commencing with the approval of the LDMP and ending at the actual transfer and initiation of operations. The transition period is expected to last approximately two to four months.

2) The Initial Development Period (IDP): The period that commences when the project entity accepts direct control of the conveyed Army assets and concludes when all primary renovation and new build objectives have been completed. This period is anticipated to last between two and five years following transfer of operations, but will not exceed five years following transfer.

3) The Stabilized Operating Period: The period that commences at the completion of the Initial Development Period and ends at the completion of the lease period (year 50).

#### **4.4.1 Project Finance**

a. The offeror shall identify its proposed fee structure and fee position, including incentive fees, as well as any other sources of financial return to the principal member or investors that will be generated by the project. The Army understands that rates of return, and hence fees, differ based on a number of variables. For purposes of this solicitation, an industry standard range of fees for a typical project is located in Appendix C. These cited fees will not be considered in isolation and will in no way be a determinant of actual fees or fee structures negotiated during the LDMP. Provision of these fee guidelines is for informational purposes only. The fee and equity structure included in the offeror's submittal will form the starting point for negotiations during the LDMP collaboration. Both the dollar and percentage amounts of fees in the offeror's submittal will be considered in the LDMP collaboration phase.

b. Offerors shall detail the proposed ownership structure (limited liability partnership, limited liability company, non-profit, etc.). Identify why this structure is competitive and reasonable. In determining the proposed ownership structure, the offeror should consider the best strategy for maximizing contributions to the reinvestment account. It should be noted that for this project, as opposed to the traditional Army RCI ownership structure, the Army will not be a member of the proposed ownership entity.

c. Detail the proposed capital structure. Specifically, identify the anticipated sources of capital (debt and equity) and uses of capital that will be used to finance short and long-term project expenses and any associated risks of this structure. In addition, the offeror should describe any assumed placement or closing costs and any interest rate locking approaches for the project and why these approaches offer the best value to the government. The offeror should also include its plan for ensuring both the debt and underwriting have been competitively chosen and offer the best value for the government. On a long-term basis, the offeror should describe any refinancing plans for the project.

d. Submit a 50-year working pro forma analysis (excel format with functional cell formulae in place) as outlined in Appendix B. This pro forma and supporting schedules should be clearly explained and include all assumptions and limitations. Demonstrate that cash flows are sufficient to provide a suitable return to the offeror while insuring the continued improvement of transient lodging assets for the benefit of Soldiers and their families.

**(Note: At no time either in the pro-forma submission or during LDMP implementation will appropriated funds be used to subsidize the PAL project. In addition, all municipal or other services provided by appropriated funds will be reimbursed to the government by the project.)**

e. Describe the proposed methodology to measure customer satisfaction and any incentives provided to the management company for consistently delivering high levels of guest satisfaction.

f. Describe the methodology to measure maintenance excellence and any incentives provided to the management company for consistently delivering high levels of asset maintenance.

#### **4.4.2 Preliminary Project Concept**

It is critical that the project, as detailed in the LDMP, meets the needs of the Army. Specifically, the project plan must provide for high-quality guestrooms for Soldiers and their families. Room rates for official travelers across the project must conform with section 3.1.2. All operated guestrooms must be renovated/constructed within the initial development period (defined at 4.4f2). All currently existing guestrooms that are retained by the project (other than historic structures) must be replaced during the 50-year lease term. The plan must be responsive to concerns of installation stakeholders and the local community. The plan must identify an effective long-term strategy to provide quality management and maintenance of the portfolio. All existing lodging facilities are available for inclusion in the project. The offeror will propose which (if any) existing facilities will be retained throughout the lease term. If new construction is envisioned, existing facilities may be transferred to the project on an interim basis. These facilities may then be returned to the installation for alternate use once new construction is complete if the project has no desire to retain the facilities.

The preliminary project concept gives the Army illustrative information about the offeror's overall vision, strategy, and approach to improving and maintaining the transient lodging at each of the installations included in the Group A project. The preliminary project concept is the baseline for development of the detailed LDMP, which will be negotiated and formalized during Phase 1 of the project (section 1.1(g)).

In crafting the preliminary project concept, offerors should assume that they are selected as the awardee for the project. Beginning from the time of selection, describe the transient lodging vision for the total project, addressing any installation-specific

considerations or unique requirements as necessary. The preliminary project concept should also describe the approach to accomplishing the vision. The project concept should conform to the three activity periods found in section 4.4f.

a. The preliminary project concept submissions should include at a minimum the following:

- 1) An assessment of the supply and demand characteristics, both on and off post, at each of the Group A installations
- 2) An analysis of existing lodging units and the strategy for creating quality accommodations
- 3) Description of service standards, facility characteristics, and guestroom layout and amenities
- 4) For each installation in Group A, describe proposed number of guestrooms by type (standard stay, extended stay, extended stay family, and VIP suites) and size (in square feet)
- 5) Identify all sites selected for new construction
- 6) Description of operations to include but not limited to:
  - a. integrated reservation system as referenced in 1.1.e.4
  - b. repair and maintenance objectives
  - c. corporate services in support of on-site property management activities
- 7) Guest safety features
- 8) Guest satisfaction assessments
- 9) Conceptual land-use plans and general descriptions of potential ancillary services
- 10) Describe (as applicable) the incorporation of existing on-post and off post community assets
- 11) Describe the approach to building a long-term working relationship with the Army and other community stakeholders

(Note: Detailed drawings, specifications, or other detailed technical information are not required as part of the preliminary project concept. However, schematics, models, and/or renderings that help explain your vision may add value to your presentation.)

b. If ancillary supporting facilities are proposed, describe the general nature of these facilities/operations and how they support transient lodging and the installation. Detail any potential impact (positive or negative) on the project, installation, and/or the surrounding civilian communities.

c. Describe your Transition Plan, detailing the milestone schedule for full transition of operations at each of the Group A installations. At a minimum the offeror should specifically address: staffing, training, reservations, Furniture, Fixtures and Equipment (FF&E), expendable supply inventories, and accounting transfers.

d. Provide the general work plan for bringing the total proposed number of guestrooms at each Group A installation to an adequate condition during the specified initial development period (not to exceed five years from the date of transfer of operations). Indicate methodology to ensure milestones are achieved while maintaining the identified project scope.

#### **4.4.3 Organizational Capabilities (On-Site, Project Specific)**

a. Provide basic background information on key personnel to be assigned to the LDMP creation and implementation and their anticipated roles throughout all phases of the required work effort. Key personnel are those who are considered critical to the accomplishment of the required services. For each key person identified, submit a one-page resume that, at a minimum, describes the key person's duties and responsibilities, his/her education, knowledge, skills, expertise, and other qualifications relevant to the accomplishment of the project. Your response should include an organization chart that depicts the relationship between the key people, specifying which personnel will be dedicated full-time during the LDMP creation, transition phase, and implementation.

b. For each installation in the Group A project demonstrate an ability to provide the necessary skill sets, organizational structure, and workload capacity to successfully accomplish the proposed work plan as presented in response to section 4.4.2d of this RFQ. Necessary disciplines may include but are not limited to: business planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, marketing, sales, rentals, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.

#### **4.4.4 Small Business Utilization Plan (On-Site, Project Specific)**

Provide your plan for how much (either in dollars or as a percentage) of the project's total development cost will be allocated to small business concerns (See 4.3.5 b.). Detail your plan and schedule for conducting small business outreach events. Describe your method of fulfilling your commitment to small business for this project.

#### **4.5 Evaluation Process**

The Army will establish an evaluation team to review responses to this RFQ in order to select the awardee for the Group A project. The evaluation team will include Army executives and other Government personnel and will seek advice from consultants with specific expertise in large-scale hotel development, historic preservation projects, environmental issues, financing, operations, and management services. An initial review will be conducted to ascertain whether offerors have met the MERs as outlined in the solicitation. Those offerors who have met the MERs will be further evaluated on their SOQ response (Step One, Part B) in order to establish a highly qualified competitive group. Additional communication with prospective offerors, as well as independent background analyses, may be conducted at the discretion of the

Contracting Officer. References identified by prospective offerors in their submissions and other third parties may also be contacted.

#### **4.5.1 Highly Qualified Competitive Group Based on Initial Submissions (Step One)**

The Army intends to evaluate submissions received in response to this RFQ without providing prospective offerors the opportunity to revise their submissions during Step One (Parts A and B). Consequently, the offeror's initial submission should contain all information that the offeror thinks is needed to demonstrate to the Army that the offeror is qualified to advance to Step Two. While the Army does not intend to meet with offerors to encourage revisions to their submissions, it may contact offerors to clarify certain aspects of their submission or to correct clerical errors. As an example, the Army may contact an offeror to clarify the scope of the offeror's involvement in a past development project. The number of firms included in the highly qualified competitive group may be limited in order to make the evaluation process as efficient as possible.

#### **4.5.2 Award Based on Oral Presentation (Step Two)**

- a. The Army intends to select the awardee for the PAL Group A project following oral presentations. Offerors in the highly qualified competitive group will be notified in order to arrange for their oral presentations. Offerors electing to compete for this project shall notify the Contract Specialist of their intent to participate according to the instructions provided in the notice inviting them to participate. Each offeror choosing to participate will then be assigned one presentation date within a number of consecutive available dates. The order of appearance will be selected on a random basis. Offerors within the highly qualified competitive group agree to hold their proposals open for one year (365 calendar days) from the date of closing for receipt of their Step One proposal in the event issuance of Step Two is delayed.
- b. Absent specific instructions in the Army notification identified in Paragraph (a) above, notice of intent to participate in Step Two shall be delivered electronically to [Mark.Piedmonte@hqda.army.mil](mailto:Mark.Piedmonte@hqda.army.mil) identifying this solicitation by number. Failure to respond, in writing, within 10 calendar days from receipt of this notification shall be considered a negative reply indicating that the offeror does not intend to participate in Step Two.
- c. During Step Two, each offeror will be allowed a maximum of seven (7) hours to make an oral presentation, which will be recorded on videotape. A question and answer session will follow the oral presentation. One copy of the videotape will be provided to the offeror. Offerors will be given approximately 130 days to prepare for their oral presentation. Approximately 10 individuals representing the Government will be attending the Oral Presentations. It is the decision of the Offeror whether to supply attendees with a separate copy of its Power Point slides that will be used during the Oral Presentation.

d. One original, unbound and 5 hard copies in 3 ring binders plus an electronic version on CD of all written material in support of Oral Presentations and Step Two must be sent to the address below. These materials must arrive no later than close of business on the day preceding your oral presentation. Submissions failing to arrive by the established deadline will be disqualified and not evaluated as outlined in appendix D, FAR Clause 52.212-1. Refer to section 4.1.1.c for formatting instructions for written materials in support of oral presentations. Written materials submitted in support of the Oral Presentations may not exceed: a) 100 single-sided, single-spaced pages of text and tables, and; b) 150 PowerPoint (or equivalent) slides (which if supplied on hardcopy do not exceed two slides per page). Renderings, resumes and the financial pro forma are not subject to the 100 page and 150 slide limits.

If Hand carried or sent via Overnight Delivery:

PAL Satellite Office  
US Army Corps of Engineers, Baltimore District  
Attn: Mark Piedmonte  
BLDG 4471 Redwood Road  
Fort Meade, MD 20755  
Reference: RFQ No. W912DR-04-R-0082

e. Offerors will have 72 hours after the conclusion of the oral presentation to submit further clarifications and responses to questions, not to exceed 25 pages, to the address listed at 4.5.2 d above. This final submittal document must be signed by the offeror and be submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). Blank tab pages do not count toward the 25-page count. Submissions shall conform to section 4.1.1 c.

#### **4.5.3 Source Selection Decision.**

At the conclusion of the oral presentation (as described above) and subsequent evaluation, the Source Selection Evaluation Board (SSEB) will present its consensus evaluation of all offerors through the Contracting Officer to the Source Selection Advisory Committee (SSAC). The SSAC shall review the evaluation team's analysis and make a comparative assessment of proposals against all source selection criteria in the solicitation. The report of the SSAC shall be briefed to the Source Selection Authority (SSA) who will make the final analysis resulting in an award recommendation. While the SSA may use reports and analyses prepared by others, the source selection decision will represent the SSA's independent judgment. The SSA will select the offeror that provides the best value to the Government. Upon receipt of the SSA's decision, the Contracting Officer will make the award.

#### **4.6 Evaluation Factors**

a. The Evaluation Team will use five factors to evaluate the information provided in response to this RFQ for Step One, Part B. These factors are listed in descending

order of importance: (1) Experience, (2) Financial Capability, (3) Organizational Capability (Corporate Level), (4) Past Performance, and (5) Small Business Concerns as Subcontractors (General History).

b. The Evaluation Team will use four factors to evaluate the information provided in response to this RFQ for Step Two. These factors are listed in descending order of importance: (1) Project Finance (2) Preliminary Project Concept (3) Organizational Capabilities (On Site, Project Specific) (4) Small Business Utilization Plan (On Site, Project Specific)

c. The assessment of Past Performance will be used in making the “Best Value” selection. Past Performance enables the Army to better predict the quality of, and customer satisfaction with, future work. The awardee in this initiative must deliver the same high quality of service to the Army as it delivers to any of its customers. The emphasis placed on past performance demonstrates the Army’s commitment to select the offeror that will accomplish, at a minimum, what was presented in the RFQ response and negotiated during the LDMP for the entire term of the project. Accordingly, offerors will be required to submit project past performance information as stated in Section 4.3.4.

d. The elements, listed in descending order of importance within the factor, and questions for each factor will be evaluated comprehensively to determine an overall rating for that factor, which will be used to analyze the offeror’s ability to plan and implement the project.

e. Each individual evaluation factor will be rated as indicated below. The evaluators will assign one of the following ratings to each factor:

- 1) Outstanding: Greatly exceeds the minimum performance or capability requirements in a way beneficial to the Government. There are no significant weaknesses. Those aspects of a factor resulting in an “Outstanding” rating may be incorporated into the LDMP.
- 2) Excellent: Exceeds the minimum performance or capability requirements in a way beneficial to the Government. There are no significant weaknesses. Those aspects of a factor resulting in an “Excellent” rating may be incorporated into the LDMP.
- 3) Acceptable: Meets the minimum performance or capability requirements. There may be minor but correctable weaknesses.
- 4) Marginal: May meet the performance or capability requirements. There are apparent or moderate weaknesses that are correctable.
- 5) Unacceptable: Fails to meet the performance or capability requirements. There are unacceptable weaknesses.

- 6) Neutral: This rating will only be used to evaluate an offeror in the past performance evaluation factor (4.3.4). The offeror did not have a sufficient history that could be evaluated in a level of detail that allowed the evaluation team to draw a conclusion about the offeror's past performance.

f. In addition, the evaluators will assign an overall rating to each proposal as indicated below:

- 1) Outstanding: Greatly exceeds the minimum performance or capability requirements in a way beneficial to the Government. There are no significant weaknesses. Those aspects of a factor resulting in an "Outstanding" rating may be incorporated into the LDMP.
- 2) Excellent: Exceeds the minimum performance or capability requirements in a way beneficial to the Government. There are no significant weaknesses. Those aspects of a factor resulting in an "Excellent" rating may be incorporated into the LDMP.
- 3) Acceptable: Meets the minimum performance or capability requirements. There may be minor but correctable weaknesses.
- 4) Marginal: May meet the performance or capability requirements. There are apparent or moderate weaknesses that are correctable.
- 5) Unacceptable: Fails to meet the performance or capability requirements. There are unacceptable weaknesses.

g. The evaluators will use the rating of each evaluation factor to determine a composite rating for the submission. The SSEB chairperson will prepare the SSEB consensus report based on the details of the individual reports, recording dissenting votes as a minority opinion. The SSEB consensus report shall deal specifically with the facts of each offeror's submission. It will not include a recommendation as to the offeror who shall receive award, nor a rank order or order of merit list of those offerors being evaluated.

h. In addition to the adjectival ratings above, a risk rating will be assigned to the overall proposal. The purpose of this rating is to assess the level of risk associated with selecting the awardee to perform Phase 1, Project Planning and Phase 2, Project Implementation.

i. The evaluators will assign one of the following risk ratings to the offerors' submittal:

- 1) Low Risk: Any weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of



the offeror have little potential to cause disruption to the planning and implementation phases. Normal contractor/government effort and monitoring will probably minimize any difficulties.

- 2) Moderate Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that can potentially cause disruption to the planning and implementation phases. Special contractor/government emphasis and close monitoring will probably minimize any difficulties.
- 3) High Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that have the potential to cause significant disruption to the planning and implementation phases even with special contractor/government emphasis and close monitoring.

j. The evaluators will document the weaknesses and their potential impact on disruption to any phases of the project to justify the offeror selection rating.

## **STEP ONE EVALUATION**

### **4.6.1 Experience**

a. For offerors that meet the minimum experience requirements, the following questions and elements will aid the evaluation team in evaluating the experience factor.

**Does the offeror possess the experience necessary to execute, operate and sustain both large-scale real estate development projects and projects of a type similar to the PAL project identified in this solicitation?**

- 1) To what extent has the offeror demonstrated experience with **large-scale**, complex real estate development projects? Components of these projects include experience in the areas of planning, construction, and financing.
- 2) To what extent has the offeror demonstrated experience with projects of a **type** similar to the PAL project identified in this solicitation? Components of these projects include planning, financing, construction/revitalization and operation.
- 3) To what extent has the offeror demonstrated the ability through experience to renovate hotel or similar units while units in another portion of the same development project are occupied?
- 4) To what extent has the offeror demonstrated through experience the ability to address environmental and historic property treatment issues and conform to restrictions and guidelines for the environmental remediation and preservation of these property types?

5) To what extent has the offeror demonstrated experience working on projects involving affordability objectives, especially with public and/or not for profit organizations involving affordability objectives?

6) To what extent has the offeror demonstrated experience in hotel management to the extent (scope) of that envisioned under the PAL program?

7) To what extent has the offeror demonstrated the ability to work successfully in cooperation with other business entities or organizations on complex real estate projects requiring long-term operation, maintenance, and property management?

b. This last factor element evaluates the extent to which a single-firm offeror has worked with other organizations (e.g., subcontractors, financial institutions) on projects requiring long-term real estate operation, maintenance, and property management functions. In the case of a joint venture, this last factor element also evaluates the extent to which the joint venture's principal members have experience working together or with other organizations on joint venture projects or similar business relationships.

#### **4.6.2 Financial Capabilities**

The following questions and elements will aid the Evaluation Team while evaluating the Financial Capabilities factor.

**Does the offeror have the capacity to structure, arrange, and manage the financing required for the successful development and long-term operation of a large, complex real estate project?**

Does the offeror possess the financial capability, bonding capacity, and institutional relationships necessary to obtain financing for a project of this size and scope and to endure temporary or near-term cash flow shortfalls?

#### **4.6.3 Organizational Capabilities (Corporate Level)**

a. The following questions and elements will aid the Evaluation Team in evaluating the organizational capabilities factor.

**To what extent can the offeror field a qualified, experienced project team with the expertise and workload capacity necessary to manage all of the disciplines required to plan, develop, redevelop, manage, and maintain a large-scale, long-term, quality lodging development project?**

Does the offeror successfully demonstrate the skill sets, organizational structure and workload capacity to incorporate the total proposed PAL project (LDMP development and implementation) into their current and planned business

operations? Some of the necessary disciplines may include but are not limited to business planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, marketing, sales, rentals, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.

b. This factor considers the prospective offeror's ability to manage and integrate various functional disciplines relevant to the successful planning of the project. In the case of joint ventures, this factor evaluates the organizational capabilities of each member of the joint venture in their assigned areas of responsibility (see Section 4.3.3) and any previous or current third-party certification of such ability. Resumes for individual personnel are not required until Step Two.

#### **4.6.4 Past Performance**

The following questions and elements will aid the Evaluation Team in evaluating the past performance factor.

**To what extent does the offeror's past performance indicate their ability to successfully craft and implement the LDMP?**

1) The Army's evaluation of past performance will be based on information provided by the prospective offeror as required in Section 4.3.4 as well as information obtained from other sources as stated in FAR 15.305.(a)(2). The Army's analysis of the offeror's past performance will take into account the currency and relevancy of information examined, the context of the data, and general trends in the offeror's performance.

NOTE: Consistent with Section 4.3.4, the past performance for a joint venture will consider both the joint ventures' past performance as well as that of its principal members or proposed contractor(s). Offerors and principal members in a joint venture that lack a past performance history will be given a neutral past performance evaluation for the joint venture itself. However, the past performance of the principal members and/or proposed contractor(s) will be considered.

#### **4.6.5. Small Business Utilization (General History)**

The following questions and elements will aid the Evaluation Team in evaluating the Small Business Utilization (General History) factor.

**How has the offeror used small businesses in past projects?  
Does the offeror have proactive policies with regard to the use of small businesses and can the offeror demonstrate that small business utilization has been emphasized, even when not required by the government?**

This factor considers the participation of small businesses in the offeror's past and current projects. Data examined include type of work subcontracted to small businesses, percentage of the dollar amount of work that was subcontracted to small businesses per project compared to the overall cost of the project, goals for small business utilization and if those goals were met (by what percentage). In the case of a joint venture, information on the use of small businesses on past/current projects should be provided separately for each principal member and/or proposed contractor(s).

## **STEP TWO EVALUATION**

### **4.6.6 Project Finance**

The following questions and elements will aid the Evaluation Team in evaluating the financial factor.

**How and to what extent will the offeror's expected capital structure and financial return (taking into account the proposed ownership structure, reinvestment plan, etc.) support the proposed preliminary project concept, promote improvement in the quality of transient lodging at the identified installations, and enhance the quality of life for traveling Soldiers and families throughout the lease term?**

- 1) Does the offeror's pro forma financial model accurately and reasonably reflect the project concept and financial plan outlined in the proposal? The financial plan should demonstrate the ability to integrate the financing, development and operations plans, and an understanding of the opportunities for and limitations on the revenue and expenses associated with the project. **The financial plan will not include any appropriated fund support that is not reimbursed by the project.**
- 2) Does the proposed capital structure reflect the relative benefits of low cost capital structure including the weighted cost of capital?
- 3) Does the offeror have a viable strategy for financing the project on a long-term basis, to include curing potential operating cash shortfalls, and is the strategy supported by the offeror's identified capabilities?
- 4) Does the offeror's proposed approach to generating a financial return provide incentives to reward good service and high-quality maintenance over the life of the project?

### **4.6.7 Preliminary Project Concept**

This factor considers the prospective offeror's overall project concept for long-term development, operation, maintenance, and property management, as well as the offeror's creativity in meeting the Army's objectives. The following questions and

elements will aid the evaluation team in evaluating the Preliminary Project Concept factor.

**Has the offeror provided a creative, robust vision that meets the Army's transient lodging needs?**

- 1) Does the offeror's approach adequately consider the Army's goals and needs as well as installation-specific requirements, including the goals for the PAL program as summarized in Sections 1.1e of the RFQ and the Appendices?
- 2) Do proposed ancillary supporting facilities (if any) relate to and support transient accommodations? To what extent are proposed ancillary supporting facilities incorporated into an overall development vision that seeks to complement (and not compete with) business operations in the local community or on-post operations such as those run by MWR activities and organizations such as AAFES or DeCA?
- 3) Does the offeror's transition plan convey an understanding of the complexity of transferring operations in a project of this magnitude and is the milestone schedule for transition realistic?
- 4) Does the proposed work plan ensure completion of all renovation/construction at each installation within the specified initial development period (not to exceed 5 years from the date of transfer of operations)? Is there a realistic, comprehensive plan identified to ensure milestones are achieved and project scope is maintained?

**4.6.8 Organizational Capabilities (On-Site, Project Specific)**

a. The following questions and elements will aid the evaluation team in evaluating the organizational capabilities (On-Site, Project Specific) factor.

**To what extent can the offeror field a qualified, experienced project team with the expertise and workload capacity necessary to manage all of the disciplines required to successfully develop AND IMPLEMENT the LDMP?**

- 1) Do identified key personnel have the knowledge / experience necessary to successfully manage the development and implementation of the LDMP? Are responsibilities and relationships between key personnel clearly defined?
- 2) Does the offeror successfully demonstrate the ability to provide the skill sets, organizational structure and workload capacity necessary to successfully accomplish the total proposed PAL project (LDMP development and implementation)? For each installation in the Group A project does the offeror provide information necessary to demonstrate the ability to accomplish the proposed work plan as presented in response to section 4.4.2d of this RFQ? Some of the necessary disciplines may include but are not limited to business

planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, marketing, sales, rentals, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance. Capabilities may be described in terms of number of years experience and/or experience managing development projects with characteristics, size, and scope similar to the Group A project.

b. This factor considers the offeror's ability to manage and integrate various functional disciplines relevant to the successful implementation of the project. Offeror's should address their workload and bonding capacity and how they would successfully incorporate award of this project into their other business operations. In the case of joint ventures, this factor evaluates the organizational capabilities of each member of the joint venture in their assigned areas of responsibility (see Section 4.4.3) and any previous or current third-party certification of such ability. One-page resumes for individual personnel who have been identified as key participants in this project should be included in the hard copy submission but will not count against the page limit.

#### **4.6.9 Small Business Utilization Plan (On Site, Project Specific)**

The following questions and elements will aid the evaluation team in evaluating the Small Business Utilization factor.

##### **To what extent does the offeror use small businesses for this project?**

It is Army policy to ensure that small businesses have the maximum practicable subcontracting opportunity to participate during Phase 2 (implementation of the LDMP). This factor considers the offeror's plan (i.e., illustrative list of work areas) for utilization of small businesses during Phase 2 of this project, as well as percentage of work or dollars that will be subcontracted to small businesses. To what extent does the offeror integrate and use small businesses for this project?

#### **5.0 ADVISORS**

Representatives from Jones Lang LaSalle and Group Seven Associates, LLC have been retained to assist the Army in planning and implementing the PAL program. These entities and their subcontractors are precluded from working with prospective offerors on their submissions for PAL Projects.

#### **6.0 ADDITIONAL TERMS AND CONDITIONS**

Prospective offerors interested in pursuing this opportunity should also review the provisions set forth in Appendix D of this document and include with their submissions the requested representations and certifications. Depending on the specific terms of the LDMP, the selected contractor may be required to comply with other applicable public laws and regulations as a condition of proceeding with implementation. Clauses

required to implement the LDMP will be added or deleted by the Army as appropriate. A glossary of terms, Appendix H, is provided to assist in the preparation of your submissions.

## **7.0 SOLICITATION, OFFER, AND AWARD**

The Army will treat all submissions received in response to this RFQ as offers. If an offer is accepted by the Army, the undersigned agrees to perform all work required in the Work Statement for the project (Section 2.0) and to comply with all other provisions of the solicitation, including all clauses incorporated by reference (see Appendix D). The undersigned further warrants that, to the best of its knowledge and belief, all information provided in their submission is accurate and may be relied on by the Army for the purposes of selecting a contractor for contract award. Prior to acceptance, the respondent may withdraw its submission. However, unless withdrawn by written notice, the offeror agrees to leave its offer open and capable of being accepted by the government for 12 months (365 calendar days) from the date of LDMP contract award (see Section 2.2b). The offeror understands that the details of the winning submissions will be the baseline for negotiation of the LDMP with the Army.

**Solicitation W912DR-04-R-0082**

**Offeror**

Name \_\_\_\_\_ Title \_\_\_\_\_  
(Print or Type)

Firm Name \_\_\_\_\_

By: \_\_\_\_\_ Date signed: \_\_\_\_\_  
(Signature of person authorized to sign on behalf of the offeror)